



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
TAYLOR COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 1999

**EDWARD B. HATCHETT, JR.
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Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Eddie Rogers, Taylor County Judge/Executive

Honorable Fred L. Waddle, Former County Judge/Executive

Members of the Taylor County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Taylor County, Kentucky, as of June 30, 1999, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Taylor County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Taylor County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky. Consequently, certain revenues and the related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions of Taylor County, Kentucky, and the related statement of cash receipts, cash disbursements, and changes in cash balances as of and for the year ended June 30, 1999, in conformity with the cash basis of accounting described above.

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Eddie Rogers, County Judge/Executive

Honorable Fred L. Waddle, Former County Judge/Executive

Members of the Taylor County Fiscal Court

Our audit was performed for the purpose of forming an opinion on the financial statements of Taylor County, Kentucky, taken as a whole. The information provided on the accompanying schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Based on the results of our audit, we present the accompanying comment and recommendation, included herein, which discusses the following area of noncompliance:

- The County Should Have A Written Agreement To Protect Deposits

In accordance with Government Auditing Standards, we have also issued our report dated October 18, 1999 on our consideration of Taylor County, Kentucky's compliance with certain provisions of laws, regulations, contracts, and grants, and internal control over financial reporting.

Respectfully submitted,



Edward B. Hatchett, Jr.

Auditor of Public Accounts

Audit fieldwork completed -
October 18, 1999

TAYLOR COUNTY OFFICIALS

Fiscal Year Ended June 30, 1999

Eddie Rogers	County Judge/Executive
Craig Cox	County Attorney
Randall G. Phillips	County Clerk
Sam Newcomb	Circuit Court Clerk
John E. Shipp	Sheriff
Rodney Burress	Jailer
Julie Shields	Property Valuation Administrator
Maxine White	County Treasurer
Terry M. Dabney	Coroner
Bobby Kirtley	Magistrate
Orville Newton	Magistrate
James E. Cochran	Magistrate
Marshall Caulk	Magistrate
Edward R. Gorin	Magistrate
J. W. McFarland	Magistrate

STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

TAYLOR COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 1999

Assets

General Fund:	
Cash	\$ 143,982
Road and Bridge Fund:	
Cash	136,991
Jail Fund:	
Cash	2,029
Local Government Economic Assistance Fund:	
Cash	1,295
Fire Protection Fund:	
Cash	17
Deferred Compensation Plan Account - Cash	736
Payroll Revolving Account - Cash	3,720
	<hr/>
Total Assets	<u><u>\$ 288,770</u></u>

Liabilities and Fund Balances

Liabilities

Deferred Compensation Plan Account	\$ 736
Payroll Revolving Account	3,720

Fund Balances

Reserved:	
Fire Protection Fund	17
Unreserved:	
General Fund	143,982
Road and Bridge Fund	136,991
Jail Fund	2,029
Local Government Economic Assistance Fund	1,295
	<hr/>
Total Liabilities and Fund Balances	<u><u>\$ 288,770</u></u>

The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

TAYLOR COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 1999

<u>Cash Receipts</u>	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
Schedule of Operating Revenue	\$ 2,813,200	\$ 1,248,931	\$ 1,469,071	\$ 90,778
Transfers In	325,959			325,959
Kentucky Advance Revenue Program	705,645	570,550	135,095	
Total Cash Receipts	<u>\$ 3,844,804</u>	<u>\$ 1,819,481</u>	<u>\$ 1,604,166</u>	<u>\$ 416,737</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 3,071,203	\$ 1,256,270	\$ 1,351,055	\$ 458,987
Transfers Out	325,959	325,959		
Kentucky Advance Revenue Program Repaid	705,645	570,550	135,095	
Total Cash Disbursements	<u>\$ 4,102,807</u>	<u>\$ 2,152,779</u>	<u>\$ 1,486,150</u>	<u>\$ 458,987</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ (258,003)	\$ (333,298)	\$ 118,016	\$ (42,250)
Cash Balance - July 1, 1998	542,317	477,280	18,975	44,279
Cash Balance - June 30, 1999	<u>\$ 284,314</u>	<u>\$ 143,982</u>	<u>\$ 136,991</u>	<u>\$ 2,029</u>

The accompanying notes are an integral part of the financial statements.

TAYLOR COUNTY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
Fiscal Year Ended June 30, 1999
(Continued)

Local Government Economic Assistance Fund	Fire Protection Fund
\$ 3,973	\$ 447
<u>\$ 3,973</u>	<u>\$ 447</u>
\$ 4,433	\$ 458
<u>\$ 4,433</u>	<u>\$ 458</u>
\$ (460) 1,755	\$ (11) 28
<u>\$ 1,295</u>	<u>\$ 17</u>

TAYLOR COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 1999

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Taylor County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the application of the criteria stated in GASB 14, there are no component units which merit consideration as part of the reporting entity.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts.

C. Basis of Accounting

The financial statements were prepared on a cash basis of accounting pursuant to Kentucky Revised Statute (KRS) 68.210 as recommended by the State Local Finance Officer. Consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

D. Legal Compliance - Budget

The Taylor County budget is adopted on a cash basis of accounting and laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

TAYLOR COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1999
(Continued)

Note 1. (Continued)

E. Cash and Investments (Continued)

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.22 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. The depository institution has pledged or provided sufficient collateral, and the depository institution's board of directors or loan committee approved the pledge or provision. However, the depository institution did not have a written agreement with the county securing the Sheriff's interest in the collateral.

TAYLOR COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1999
(Continued)

Note 3. Deposits (Continued)

The county's deposits are categorized below to give an indication of the level of risk assumed by the county as of June 30, 1999.

	<u>Bank Balance</u>
Insured or collateralized with securities held by the county's agent in the county's name	<u>\$ 387,780</u>

Note 4. Lease-Purchase Agreements

- A. On July 29, 1997, the Taylor County Fiscal Court entered into a lease-purchase agreement with the Kentucky Association of Counties Leasing Trust (KACoLT). The lease-purchase agreement was for the purchase of Sheriff's cars and equipment. The principal was \$49,833 at a variable percent for a period of 5 years, interest and principal paid monthly. Principal outstanding as of June 30, 1999 is \$32,767. Lease payment requirements excluding an anticipated interest rebate from KACoLT are:

<u>Fiscal Year</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
2000	\$ 1,052	\$ 9,879
2001	677	10,304
2002	286	10,748
2003	9	1,836
Totals	<u>\$ 2,024</u>	<u>\$ 32,767</u>

- B. On June 7, 1999, the Taylor County Fiscal Court entered into a lease-purchase agreement with the Kentucky Association of Counties Leasing Trust (KACoLT). The lease-purchase agreement was for the purchase of rescue vehicles. The principal was \$59,952 at a variable percent for a period of 5 years, interest and principal paid monthly. Principal outstanding as of June 30, 1999 is \$59,952. Lease payment requirements excluding an anticipated interest rebate from KACoLT are:

<u>Fiscal Year</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
2000	\$ 2,123	\$ 11,117
2001	1,621	11,537
2002	1,185	11,974
2003	732	12,427
2004	261	12,897
Totals	<u>\$ 5,922</u>	<u>\$ 59,952</u>

TAYLOR COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1999
(Continued)

Note 5. Insurance

For the fiscal year ended June 30, 1999, Taylor County was a member of the Kentucky Association of Counties' All Lines Insurance Fund (KALF) . KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

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COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

TAYLOR COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 1999

<u>Budgeted Funds</u>	Budgeted Operating Revenue	Actual Operating Revenue	Over (Under) Budget
General Fund	\$ 1,151,204	\$ 1,248,931	\$ 97,727
Road and Bridge Fund	1,439,857	1,469,071	29,214
Jail Fund	85,121	90,778	5,657
Local Government Economic Assistance Fund	5,466	3,973	(1,493)
Fire Protection Fund	1,000	447	(553)
Grants Fund	1,000,000		(1,000,000)
Total	<u>\$ 3,682,648</u>	<u>\$ 2,813,200</u>	<u>\$ (869,448)</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 3,682,648
Add: Budgeted Prior Year Surplus			501,009
Budgeted Borrowed Money			705,645
Less: Other Financing Uses			<u>(705,645)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 4,183,657</u>

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SCHEDULE OF OPERATING REVENUE

TAYLOR COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 1999

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<hr/>				
Revenue From Local Taxes <u>and Excess Fees</u>				
Sheriff:				
Taxes	\$ 496,128	\$ 495,692	\$	\$
Excess Fees - 1998	23,747	23,747		
County Clerk:				
Deed Transfer Tax	38,422	38,422		
Delinquent Taxes	5,111	5,111		
Excess Fees - 1998	155,633	155,633		
Tangible Personal Property Taxes:				
Other Counties	9,373	9,373		
County Clerk	75,570	75,570		
In Lieu of Taxes:				
U.S. Treasurer	11,581	11,581		
Bank Franchise Taxes	39,686	39,686		
Omitted Tangible Taxes	1,768	1,768		
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	\$ 857,019	\$ 856,583	\$ 0	\$ 0
<hr/>				
<u>Federal Receipts - State Treasurer</u>				
Disaster and Emergency Assistance				
Grants - Coordinator Salary	\$ 1,127	\$ 1,127	\$	\$
Federal Disaster and Emergency Services - Emergency Management				
Agency Reimbursement	50,205	563	49,642	
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	\$ 51,332	\$ 1,690	\$ 49,642	\$ 0

TAYLOR COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

Local	
Government	
Economic	Fire
Assistance	Protection
<u>Fund</u>	<u>Fund</u>

\$	\$	436
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<u>\$</u>	<u>0</u>	<u>\$</u>	<u>436</u>
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\$	\$
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<u>\$</u>	<u>0</u>	<u>\$</u>	<u>0</u>
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TAYLOR COUNTY
SCHEDULE OF OPERATING REVENUE
Fiscal Year Ended 1999
(Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Kentucky State Treasurer</u>				
Jail:				
Allotments	\$ 61,693	\$	\$	\$ 61,693
Medical Allotments	4,369			4,369
Driving Under The Influence Fees	4,313			4,313
Court Costs, Jail Operation	18,273			18,273
County Road Aid	552,799		552,799	
Municipal Road Aid	672,759		672,759	
Truck License Distribution	161,449		161,449	
Election Expense Reimbursement	10,200	10,200		
Courthouse Rental - Administrative				
Office of the Courts	42,651	42,651		
Refunds:				
Legal Process Tax	149	149		
Drivers Licenses	2,314		2,314	
Dog Licenses	234	234		
Severance Taxes:				
Mineral	3,869			
Board of Assessments	250	250		
Totals	<u>\$ 1,535,322</u>	<u>\$ 53,484</u>	<u>\$ 1,389,321</u>	<u>\$ 88,648</u>

Miscellaneous Revenue

Interest	\$ 52,749	\$ 30,026	\$ 20,816	\$ 1,803
Parks and Recreation	16,284	16,284		
PVA - Refund of Surplus Moneys	2,907	2,907		
Animal Shelter	21,375	21,375		
Rent	1,200	1,200		
Cable TV - Franchise Fees	38,746	38,746		
Solid Waste - Franchise Fees	44,941	44,941		
Telephone 911 Surcharge	130,560	130,560		

TAYLOR COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

Local	
Government	
Economic	Fire
Assistance	Protection
<u>Fund</u>	<u>Fund</u>

\$	\$
----	----

3,869	
<u> </u>	<u> </u>
\$ 3,869	\$ 0

\$ 104	\$
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TAYLOR COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Miscellaneous Revenue (Continued)</u>				
Tourism Contribution	\$ 40,680	\$ 40,680	\$	\$
Insurance Reimbursements	8,171	8,171		
Miscellaneous Items	11,914	2,284	9,292	327
Totals	\$ 369,527	\$ 337,174	\$ 30,108	\$ 2,130
Total Operating Revenue	<u>\$ 2,813,200</u>	<u>\$ 1,248,931</u>	<u>\$ 1,469,071</u>	<u>\$ 90,778</u>

TAYLOR COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

Local Government Economic Assistance Fund	Fire Protection Fund
\$	\$
	11
\$ 104	\$ 11
\$ 3,973	\$ 447

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COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

TAYLOR COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 1999

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u>			
<u>General Government</u>			
Office of County Judge/Executive:			
Salaries-			
County Judge/Executive	\$ 52,229	\$ 52,229	\$
Secretary	15,715	15,715	
Office Materials and Supplies	6,993	6,993	
Travel	5,050	5,050	
Advertisement	2,300	2,300	
Office of County Attorney:			
Salaries-			
County Attorney	13,039	13,039	
Secretary	9,466	9,466	
Office of County Clerk:			
County Clerk's Salary	1,905	1,905	
Advertising	473	473	
Office Materials and Supplies	8,406	8,406	
Printing and Binding	7,987	7,987	
Tax Bill Preparation	5,141	5,141	
Postage	8,983	8,983	
Office of Sheriff:			
Deputies Salaries	20,000	20,000	
Materials and Supplies	4,000	4,000	
Cars	10,912	10,912	
Advertisement	902	902	
Office of County Coroner:			
Salaries-			
County Coroner	10,437	10,437	
Deputy Coroner	3,583	3,583	
Fringe Benefits	2,356	2,356	
Autopsies and Attendant Service	1,200	1,200	
Material and Supplies	2,100	2,100	
Travel	1,472	1,472	

TAYLOR COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>General Government</u> (Continued)			
Fiscal Court:			
Magistrates Salaries	\$ 49,440	\$ 49,440	\$
Legal Services	970	970	
Pest Control	1,040	1,040	
Magistrates Dues	844	844	
Miscellaneous	300	300	
Office of Property Valuation Administrator:			
Statutory Contribution	25,000	25,000	
Inspection Advertisement	100	100	
Conferences	300	300	
Telephone	1,478	1,478	
Office of Board of Assessment Appeals:			
Per Diem	500	500	
Office of County Treasurer:			
County Treasurer Salary	28,571	28,571	
Advertising	1,174	1,174	
County Law Library:			
Law Librarian Salary	1,200	1,200	
Office of Circuit Court Clerk:			
Elections:			
Per Diem-			
Election Commissioners	2,000	2,000	
Election Officers	12,489	12,489	
Election Ballot Tabulators	700	700	
Maintenance and Repair Services -			
Voting Machine	3,541	3,541	
Rentals	4,090	4,090	
Printing Ballots	13,130	13,130	
Transporting Voting Machines	967	967	

TAYLOR COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>General Government</u> (Continued)			
Economic Development:			
Program Support	\$ 75,000	\$ 75,000	\$
Courthouse:			
Janitorial Contract	15,600	15,600	
Elevator Maintenance	1,952	1,952	
Custodial Supplies	3,517	3,517	
Courthouse Maintenance	28,924	28,924	
Telephone	15,305	15,305	
Utilities	30,364	30,364	
Maintenance Agreement	3,520	3,520	
<u>Protection to Persons and Property</u>			
County Fire Department:			
Contributions	71,000	71,000	
Rescue Squad:			
Contributions	10,000	10,000	
Disaster and Emergency Services:			
Director Salary	4,286	4,286	
Emergency Dispatch Service:			
Equipment and Supplies	5,596	5,596	
911 Mapping	205,405	205,405	
<u>General Health and Sanitation</u>			
Dog Control:			
Dog Pound Operations	52,918	52,918	
Soil and Water Conservation:			
Contributions	25,000	25,000	

TAYLOR COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>Social Services</u>			
Service to Indigents:			
Attorney Fees	\$ 475	\$ 475	\$
Miscellaneous	500		500
Senior Citizens Program:			
Senior Citizens Assistance	1,000	1,000	
General Charity and Welfare:			
Pauper Burials	3,000	3,000	
Victims' Assistance:			
Program Support	1,300	1,269	31
<u>Recreation and Culture</u>			
Parks:			
City and County Park Contribution	45,821	45,821	
Tourist and Convention:			
Tourism Contribution	40,678	40,678	
Civil War Historical	1,000	1,000	
<u>Airports</u>			
Airport Operations and Maintenance:			
Contributions	28,000	28,000	
<u>Debt Service</u>			
Borrowed Money:			
Interest	12,502	12,502	
<u>Administration</u>			
General Services:			
Audit	13,692	13,692	
Insurance	33,710	33,710	

TAYLOR COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>Administration</u> (Continued)			
General Services: (Continued)			
Official Bonds	\$ 11,757	\$ 11,757	\$
Memberships and Dues	2,976	2,976	
Contingent Appropriations:			
Reserve for Budget Transfers	1,476		1,476
Fringe Benefits:			
County Contributions-			
Social Security	51,711	51,711	
Retirement	40,221	40,221	
Health Insurance	25,823	25,823	
Worker's Compensation	46,800	46,800	
Unemployment Insurance	4,965	4,965	
Total Operating Budget	\$ 1,258,277	\$ 1,256,270	\$ 2,007
Other Financing Uses:			
Kentucky Advance Revenue Program-			
Principal	570,550	570,550	
Total General Fund	\$ 1,828,827	\$ 1,826,820	\$ 2,007

ROAD AND BRIDGE FUND

General Government

Magistrate Expense Allowance	\$ 14,400	\$ 14,400	\$
Deeds	100	74	26
Miscellaneous	2,470	1,594	876

Roads

Road Maintenance:

Salaries-			
Road Foreman	25,981	25,981	
Road Laborers	162,863	162,863	

TAYLOR COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND (Continued)</u>			
Road Maintenance: (Continued)			
Salaries- (Continued)			
Part-Time Personnel	\$ 11,600	\$ 359	\$ 11,241
Bridge Construction	298,714	289,072	9,642
Machinery and Equipment-			
Repairs	40,000	21,479	18,521
New Road Machinery			
Tires and Tubes	15,000	8,986	6,014
Road Materials and Supplies	774,757	724,983	49,774
Petroleum Products	20,000	11,640	8,360
<u>Debt Service</u>			
Borrowed Money:			
Interest	2,975	2,975	
<u>Administration</u>			
General Services:			
Insurance	16,000	16,000	
Fringe Benefits:			
County Contributions-			
Social Security	15,000	13,927	1,073
Retirement	29,387	29,387	
Health Insurance	25,335	25,335	
Unemployment Insurance	1,000	1,000	
Worker's Compensation	1,000	1,000	
Total Operating Budget	\$ 1,456,582	\$ 1,351,055	\$ 105,527
Other Financing Uses:			
Kentucky Advance Revenue Program-			
Principal	135,095	135,095	
Total Road and Bridge Fund	\$ 1,591,677	\$ 1,486,150	\$ 105,527

TAYLOR COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND</u>			
<u>Protection to Persons and Property</u>			
Office of Jailer:			
Jailer Salaries	\$ 21,600	\$ 21,600	\$
Operations-			
Routine Medical	13,343	13,343	
Transporting Prisoners to Other Counties	58,550	58,550	
Vehicles	5,019	5,019	
Vehicle Maintenance			
Housing Prisoners - Other Counties	291,150	291,150	
Miscellaneous Operating Expense	935	935	
Juvenile Detention:			
Contracts With Other Counties	56,120	56,120	
Transporting Juveniles	5,821	5,821	
<u>Administration</u>			
General Services:			
Association Dues	50	50	
Staff Training	182	182	
Fringe Benefits:			
County Contributions-			
Retirement	1,628	1,628	
Social Security	1,439	1,439	
Health Insurance	3,150	3,150	
Total Jail Fund	\$ 458,987	\$ 458,987	\$ 0

LOCAL GOVERNMENT ECONOMIC
ASSISTANCE FUND

Protection to Persons and Property

Forestry Fire Protection:			
Forest Resource Services	\$ 790	\$ 790	\$

TAYLOR COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND (Continued)			
Protection to Persons and Property (Continued)			
Office of Public Defender:			
Public Advocacy Program	\$ 7,021	\$ 2,643	\$ 4,378
Social Services			
Senior Citizens Program:			
Council on Aging	1,000	1,000	
Total Local Government Economic Assistance Fund	\$ 8,811	\$ 4,433	\$ 4,378
GRANTS FUND			
Administration			
Community Development Block Grant	\$ 1,000,000	\$ 0	\$ 1,000,000
FIRE PROTECTION FUND			
Protection to Persons and Property			
Forest Fire Protection	\$ 1,000	\$ 458	\$ 542
Total Operating Budget - All Funds	\$ 4,183,657	\$ 3,071,203	\$ 1,112,454
Other Financing Uses:			
Kentucky Advance Revenue Program- Principal	705,645	705,645	
TOTAL BUDGET - ALL FUNDS	\$ 4,889,302	\$ 3,776,848	\$ 1,112,454

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Honorable Eddie Rogers, County Judge/Executive
Honorable Fred L. Waddle, Former County Judge/Executive
Members of the Taylor County Fiscal Court

Report On Compliance And On Internal Control Over Financial Reporting Based On An
Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Taylor County, Kentucky, as of and for the year ended June 30, 1999, and have issued our report thereon dated October 18, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Taylor County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Taylor County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable Eddie Rogers, County Judge/Executive
Honorable Fred L. Waddle, Former County Judge/Executive
Members of the Taylor County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
October 18, 1999

COMMENT AND RECOMMENDATION

TAYLOR COUNTY
COMMENT AND RECOMMENDATION

Fiscal Year Ended June 30, 1999

The County Should Have A Written Agreement To Protect Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. As of June 30., 1999, the county had bank deposits of \$387,780; FDIC insurance of \$100,000; and collateral pledged or provided of \$1,500,000. Even though the county obtained sufficient collateral of \$1,000,000, there was no written agreement between the county and the depository institution, signed by both parties, securing the county's interest in the collateral. We recommend the county enter into a written agreement with the depository institution to secure the county's interest in the collateral pledged or provided by the depository institution. According to federal law, 12 U.S.C.A. § 1823(e), this agreement, in order to be recognized as valid by the FDIC, should be (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Management's Response:

A written pledge security agreement was obtained 10/13/99.

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**CERTIFICATION OF COMPLIANCE – LOCAL
GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS**

TAYLOR COUNTY FISCAL COURT

Fiscal Year Ended June 30, 1999

Appendix A

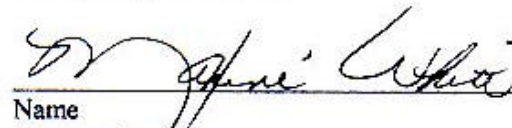
CERTIFICATION OF COMPLIANCE

LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS

TAYLOR COUNTY FISCAL COURT

The Taylor County Fiscal Court hereby certifies that assistance received from the Local Government Economic Development Program and Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.


Name
County Judge/Executive


Name
County Treasurer